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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

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CIA/OCR/S-05827-74

CIA Control No. 7969

18 January 1974

Mr. Charles A. Sommer
Acting Director of Intelligence, AEC
Atomic Energy Commission Headquarters
Germantown, Maryland

Dear Mr. Sommer:

The enclosed tables present the data you requested on U.S. and Soviet defense and military R&D expenditures in dollars, and the share of these expenditures in the respective gross national products. Data for the years 1967-80 were requested, but only data through 1972 are available.

Please note that the figures shown for defense and R&D are not additive, since outlays on military R&D are also included in the defense outlays data.

Please also note that the shares of defense and R&D outlays in GNP were calculated from dollar figures for the U.S. and ruble figures at factor cost for the USSR. Such shares should be computed in terms of a country's own price structure. The Soviet defense and R&D shares should not be computed from dollar estimates because dollar prices do not reflect relative scarcities in the USSR. Our ruble factor cost estimates adjust (albeit imperfectly) Soviet prices to obtain a closer approximation to relative resource scarcity.

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DOE review completed.

On file Department of
Commerce release
instructions apply.

DIA review
completed.

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If you have any questions regarding the data,
[redacted] Office of Strategic Research,
could answer them for you. He can be reached on
[redacted]

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[redacted]
Chief
Strategic Impact Branch

Enclosures:
(as stated)

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Table 2

U.S. and USSR: Defense and Military R&D Expenditures
as a Share of GNP

	<u>Defense Expenditures</u>		<u>Military R&D Expenditures</u>	
	<u>U.S. a/</u>	<u>USSR b/</u>	<u>U.S. c/</u>	<u>USSR b/</u>
1967	10.1	6.5	1.2	1.0
1968	10.0	6.4	1.1	0.9
1969	9.1	6.3	1.1	0.9
1970	8.0	6.0	1.0	1.1
1971	6.9	5.7	0.9	1.2
1972	6.4	5.7	0.8	1.4

- a. GNP data are Department of Commerce calendar year data. Defense expenditures are government purchases of goods and services for defense and atomic energy programs as reported for calendar years by the Department of Commerce, excluding foreign military assistance, pensions and expansion of defense production facilities.
- b. Calculated from calendar year data in rubles at factor cost.
- c. Calculated from military R&D data from Table 1 adjusted to a calendar year basis to correspond to Department of Commerce GNP data.

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Table 1

U.S. and USSR: Defense and Military R&D Expenditures,
1967-1972

Billion 1972 U.S. \$

	<u>Defense Expenditures</u>		<u>Military R&D Expenditures</u>	
	<u>U.S. a/</u>	<u>USSR b/</u>	<u>U.S. c/</u>	<u>USSR d/</u>
1967	95.4	71.3	11.8	6.6
1968	96.6	74.9	11.7	6.7
1969	93.8	75.8	11.7	6.7
1970	83.3	77.9	10.0	9.0
1971	74.8	78.1	9.1	10.3
1972	72.3	78.9	8.9	11.6

- a. U.S. data on defense expenditures derived from Department of Defense data on fiscal year obligational authority basis. All expenditures for civil space, military assistance, civil defense programs, and pay for retired personnel have been excluded.
- b. CIA estimates of defense expenditures on a calendar year basis. All expenditures for civil space, military assistance, civil defense programs, and pay for retired personnel have been excluded.
- c. Military R&D funded by the Department of Defense and the Atomic Energy Commission. Data does not include expenditures (excluding R&D) on nuclear weapons.
- d. CIA estimates of military R&D expenditures which correspond in conceptual coverage to the category of U.S. R&D activity funded by the Department of Defense and the Atomic Energy Commission.

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